

Message Text

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72

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 FRB-02 INR-10

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FM AMEMBASSY VALLETTA

TO SECSTATE WASHDC 4770

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C O N F I D E N T I A L VALLETTA 1907

E.O. 11652: GDS

TAGS: EIND, MT

SUBJ: GENERAL ELECTRIC

REF: A.STATE 54558, MARCH 31, 1972, B. VALLETTA 661, MARCH
28, 1972

1. ROBERT P. CAPRIA, MANAGER INTERNATIONAL STRATEGY DEVELOPMENT,
COMPONENTS AND MATERIALS GROUPS, GENERAL ELECTRIC COMPANY,
BRIDGEPORT, CONNECTICUT, CALLED ON ECONOMIC/COMMERCIAL OFFICER
TO DISCUSS POSSIBLE ARRANGEMENT LOCALLY ASSEMBLE
COMPONENTS FOR GENERAL ELECTRIC APPLIANCES, MEDICAL EQUIPMENT,
AND ELECTRIC MOTORS. CAPRIA SAID HE HAS RESPONSIBILITY FOR
LOCATING OFFSHORE PRODUCTION SITES FOR HIS DIVISION OF GENERAL
ELECTRIC. AMONG SEVERAL POSSIBLE EEC ASSOCIATED EUROPEAN
COUNTRIES, HE SAID, MALTA LOOKS ATTRACTIVE AS LOW WAGE AREA.
DUE TO COMPARATIVELY LOW PER CAPITA GNP. ANOTHER ELEMENT
IN MALTA'S FAVOR IS RECENT UPWARD TREND IN EXPORTS AND RE-EXPORTS
WHICH COULD HAVE BANDWAGON EFFECT. "GE LIKES TO MOVE INTO A
DEVELOPING SITUATION EARLY."

2. CAPRIA EXPLAINED GENERAL ELECTRIC NOT REPEAT NOT SEEKING
TO INVEST IN MALTA AT THIS TIME. THEY ARE INTERESTED
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INSTEAD IN SEEMINGLY UNIQUE ARRANGEMENT HAVE COMPONENTS ASSEMBLED

UNDER CONTRACTS WITH MALTESE ENTREPRENEURS. GENERAL ELECTRIC WOULD PROVIDE RAW MATERIALS, TOOLS AND TRAINING, INsofar AS NECESSARY. LOCAL ENTREPRENEURS WOULD PROVIDE LAND AND LABOR. CAPRIA SAID IF GENERAL ELECTRIC DECIDES PURSUE ITS INTEREST IN MALTA, IT WOULD FURNISH U.S. PRODUCTION RATES FOR COMPONENTS AND SEEK SUITABLE F.O.B. BASED ON THESE RATES FOR FINISHED PRODUCT.

3. CAPRIA WAS PRESENTED TO REPRESENTATIVES MALTA DEVELOPMENT CORPORATION (MDC), WHO RECEIVED HIS PROPOSAL ENTHUSIASTICALLY. MDC COMMERCIAL MANAGER J. AGIUS, EMPHASIZED HIS PARASTATAL ENTITY AND GOM WELCOME ANY INTEREST ON PART U.S. FIRMS TO PRODUCE IN MALTA. AGIUS ADDED IF SUITABLE LOCAL ENTREPRENEURS NOT REPEAT NOT LOCATED, MDC PREPARED UNDERTAKE JOINT VENTURE WITH MDC EQUITY PARTICIPATION. CAPRIA DOD NOT REPEAT NOT REJECT THIS POSSIBILITY BUT EMPHASIZED HE WAS PRIMARILY INTERESTED IN PURCHASING LOW COST LABOR THROUGH CONTRACT ARRANGEMENTS WITH OTHER PARTIES.

4. COMMENT: CAPRIA SEEMED TO HAVE DONE HIS HOMEWORK. WHILE LOCAL WAGE SCALES, HOWEVER, WERE NOT REPEAT NOT AS LOW AS HE ANTICIPATED, I.E., 3 1/2 MALTA POUNDS PER WEEK, MALTA STILL ENJOYS ADVANTAGE TARIFF PREFERENCE ARRANGEMENT WITH EEC WHICH WOULD NOT EXIST IN LOWER SCALE COUNTRIES IN WESTERN HEMISPHERE, FOR EXAMPLE.
TUCKER

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